Destination
British Columbia™

2016/17 – 2018/19
SERVICE PLAN

BRITISH
COLUMBIA

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Accountability Statement

The 2016/17 – 2018/19 Destination BC service plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 21, 2016 have been considered in preparing the plan. The performance measures presented are consistent with the Taxpayer Accountability Principles and Destination BC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Destination BC's operating environment, forecast conditions, risk assessment and past performance.

Andrea Shaw
Chair, Board of Directors
Destination BC

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Strategic Direction and Context

Strategic Direction

Tourism is a critical sector within BC's economy. In 2014, the tourism industry generated $14.6 billion in revenue, an increase of 5.1 per cent from 2013. In addition, tourism contributed $7.1 billion to provincial GDP and employed over 127,500 people. The tourism industry also generates social and cultural benefits for all British Columbians. For more information on tourism industry performance and data sources please see the Industry Performance section of Destination BC's corporate website.

The tourism sector is comprised of thousands of businesses hosting millions of consumers, some of whom only visit once while others visit many times. Destination BC plays a critical role in maximizing long-term industry growth by providing a unifying and consistent brand, and marketing strategy for the tourism sector. The marketing strategy motivates travellers from around the world to visit and encourages British Columbia's residents to stay within their province and explore BC. The strategy also provides leadership for the expansion and strengthening of British Columbia's tourism products and experiences. Coordination, collaboration and alignment between Destination BC, all levels of government and industry is needed to fully realize the potential of the tourism industry in BC.

In September 2011, the provincial government released *Canada Starts Here: the BC Jobs Plan*, which identified eight sectors, including tourism, where BC has a stategic competitive advantage. Gaining the Edge: 2015 – 2018, BC's updated tourism strategy was released by Minister Shirley Bond on September 21, 2015. The updated strategy maintains the momentum from the original provincial strategy, renews investment commitments, and creates new actions to address emerging opportunities. Destination BC's Corporate Strategy and the revitalized *Super, Natural British Columbia*® brand align with Gaining the Edge: 2015 – 2018, Destination BC's mandate, as articulated in the *Destination BC Corp. Act*, and the organization's 2016/17 Mandate Letter. Provincial public sector organizations in British Columbia, including Destination BC, operate under the provincial government's Taxpayer Accountability Principles which strengthen accountability, promote cost control and ensure the organizations operate in the best interest of taxpayers. Destination BC and the Ministry also developed an evaluation plan to identify meaningful performance measures that are relevant to the circumstances, operations and resources of the organization.

Operating Environment

In 2015/16 Destination BC made further organizational changes to better focus resources on its core mandate. In 2016/17 Destination BC will continue to review its activities to ensure that taxpayers' dollars are spent as cost-effectively and efficiently as possible in achieving the corporation's mandate.

In the long run, tourism industry growth is the key indicator of the success of the province's tourism strategy and Destination BC. However, from year to year, many factors may affect the tourism industry's performance. In 2016/17 these factors may include the ongoing impacts of the depreciation of the Canadian dollar, the fall in the price of oil, and slower growth of the Chinese economy, as well as any disruptions in traveller access and weather events that may occur. Destination BC tracks such factors and adjusts its strategy to capitalize on opportunities and manage risks as they occur.

Performance Plan

Goals, Strategies, Measures and Targets

This Service Plan outlines Destination BC's goals for the 2016/17 to 2018/19 fiscal years and the strategies to achieve them. The goals, objectives, strategies, measures and targets are reflective of Destination BC's 2016/17 Mandate Letter, Gaining the Edge: 2015-2018, and the Taxpayer Accountability Principles, as well as the recommendations of Destination BC's Tourism Marketing Committee which provides advice to the Board of Directors on marketing matters. More details on the goals, objectives and strategies can be found in Destination BC's Corporate Strategy.

The Corporation's goals and strategies are designed to support the industry to generate economic and social benefits for all British Columbians and are derived from the three pillars of Destination BC's Corporate Strategy:

1. Create a **Magnetic Brand**: A solid brand is the fundamental building block of all marketing communications by Destination BC and its tourism industry partners, which create awareness and interest in British Columbia as a tourism destination. A magnetic brand also drives improved alignment of provincial, regional, community and sector marketing activities which enhances Destination BC's marketing capacity and effectiveness.
2. Foster **Remarkable Experiences**: Destination BC assists tourism businesses and communities to provide remarkable experiences to their visitors. Visitors who have remarkable experiences in British Columbia will return for future visits and recommend BC through their social networks, becoming effective advocates and marketers for the province, driving sector growth and creating new jobs and businesses.
3. Enable a **Powerful Marketing[1] Network**: By driving strategic alignment of the over 100 tourism organizations and 19,000 tourism businesses in British Columbia, the wealth of skills, knowledge and resources of the industry are coming together to collectively achieve much more working as a collaborative network than in isolation. Strategic alignment is being driven by creating a shared vision through a provincial destination development framework and regional destination development plans, a brand platform and tools available to all partners, shared research and consumer insights and data management and analysis platforms, as well as other means.

Goal 1: Lead Canada in growth of overnight visitor expenditures: assist industry to increase revenue by attracting more visitors.

STRATEGIES	PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 FORECAST	2016/17 TARGET	2017/18 TARGET	2018/19 TARGET
Inspire travel to BC by amplifying and	Serious intent to visit BC from key North American markets.	35.2%	35.4%	36.0%	37.0%	37.5%

[1] The term 'marketing' is used in the broad sense, including destination and product development as well as distribution and advertising and promotion.

strengthening BC's world-wide reputation.	BC's share of those with serious intent to visit Canada from key overseas markets.	34.4%	35.0%	35.2%	35.4%	35.6%
	Travel trade operators' evaluation of Destination BC.	8.0 (out of 10)	8.2	8.5	Maintain or Improve	Maintain or Improve
Engage with travellers online to increase brand engagement and advocacy.	Size of Destination BC's global social media community of brand advocates.	419,664	655,000	900,000	1.1 M	1.3 M

Data Sources: Destination BC, Destination Canada and Corporate Stakeholder Survey (conducted by 3rd party independent research firm).

Discussion

Destination BC has three key marketing strategies to attract more visitors and contribute to the province's goal of increasing tourism revenue. These are: **a)** create emotional urgency to visit British Columbia ("captivate"), **b)** amplify travelers' advocacy for British Columbia as a destination among their family and peers ("advocate"), and **c)** generate leads for tourism businesses and the travel trade to sell British Columbia to their clients ("generate").

Serious intent to visit British Columbia measures success in creating emotional urgency to visit the province. The size of Destination BC's community of brand advocates affects the volume of peer-to-peer recommendations. Travel trade operators' evaluation of Destination BC reflects the corporation's success in generating leads for operators.

Goal 2: Remarkable Guest Experiences: assist industry to deliver a world-class guest experience and secure the highest Net Promoter Score® in North America for British Columbia.

STRATEGIES	PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 FORECAST	2016/17 TARGET	2017/18 TARGET	2018/19 TARGET
Improve the guest experience through integrated visitor information services.	Visitor satisfaction with visitor information services.	N/A	Establish Baseline	Improve	Improve	Improve
Assist tourism businesses to meet and exceed guest needs and expectations.	Net Promoter Score of visitors to British Columbia.[1]	68.3	Improve by 0.5 pts.	Improve by 0.5 pts.	Improve by 0.5 pts.	Improve by 0.5 pts.
	Net Promoter Score of participants in Remarkable Experiences Program.	N/A	Establish Baseline	Improve	Improve	Improve

1. The Net Promoter Score® measures the likelihood of visitors to recommend BC to their friends or family.

Data Sources: Destination BC and 3rd party independent research firm.

Discussion

The delivery of outstanding experiences for guests from anywhere in the world, including British Columbia residents travelling within the province, is critical to achieving higher revenues via

increased spending, longer stays, repeat visits and visitors' recommendations through their social networks. In 2016/17 Destination BC will continue to:

1. Develop a new program to foster Remarkable Experiences. The program will provide tools, education and training programs to assist individual tourism businesses to improve their visitor experience, and enhance their digital and social media marketing expertise. In 2015/16 four pilot projects were launched to test, learn, and refine the program. The pilot projects will be completed in 2016/17. The program will then be expanded to make it accessible to more businesses over the following two years.
2. Work with the Visitor Services Network to expand the delivery of visitor services for the future, by creating more contemporary and innovative approaches to meeting guests' information needs as they travel throughout the province. Destination BC will continue to work with communities to evolve their visitor information services to incorporate forward-looking online, mobile and crowd-sourcing channels, alongside traditional visitor centres, as appropriate to each community.

Goal 3: Create a Powerful Marketing[2] Network: collaborate with stakeholders, partners and communities to align and focus collective efforts, amplify British Columbia's marketing message in a competitive global marketplace and use resources more effectively for destination development.

STRATEGIES	PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 FORECAST	2016/17 TARGET	2017/18 TARGET	2018/19 TARGET
Strengthen relationships with key industry stakeholders and cross-government partners.	Tourism businesses' satisfaction with Destination BC programs and services.[1]	6.62 (out of 10)	6.8	7.0	7.1	7.2
Work across government and with regional and community organizations and tourism business operators to create and implement a provincial destination development strategy.	Progress on developing and implementing a provincial destination development strategy.	N/A	Processes in place to develop sets of destination development strategies	6 community cluster development strategies completed; preliminary identification of Provincial Destination Development priorities completed.	Phase 2 development strategies completed. Provincial priorities updated and Provincial Destination Development Strategy completed.	Implementation Measures TBD. [2]

1. Tourism businesses comprise one of the six strata whose satisfaction is tracked through the corporate stakeholder survey. Scores of the other strata are reported elsewhere and used to inform corporate planning and program evaluation.
2. This measure will link with the Provincial Destination Development Framework, which is currently under development.

[2] The term 'marketing' is used in the broad sense, including destination and product development as well as distribution and advertising and promotion.

Data Source: Destination BC and 3rd party independent research firm.

Discussion

A key objective of Destination BC is to increase collaboration, coordination and alignment of marketing and destination development activities across the BC tourism industry.

To this end, Destination BC will work to align provincial, regional, and community tourism-related actions and investments, and advance regional and community tourism priorities and needs by sharing market intelligence and business plans; providing access to data collection and management platforms; providing access to marketing tools (such as the Destination Canada's Explorer Quotient™); and proactively promoting cooperation and information sharing. To ensure that these programs and activities provide value for tourism stakeholders and are easily accessible, an independent third-party survey of tourism stakeholders is conducted at the end of each fiscal year. This survey allows Destination BC to evaluate and improve the quality of programs and services delivered and the effectiveness of communications with stakeholders.

Destination BC recognizes that a strategic approach to destination development is critical to ensure that all regions and communities of the province are able to take full advantage of the opportunities that tourism offers them today and in the future. In 2016/17, in consultation with other parts of government and regional and community organizations, Destination BC will lead the development of destination development strategies across the province to enhance tourism experiences, businesses and jobs in British Columbia. These strategies will consider the unique opportunities and needs of each region and will align with the provincial tourism strategy.

Destination BC will also continue to work with and support the Aboriginal Tourism Association of BC (AtBC) in reaching its goals of increasing Aboriginal tourism revenues, and the number of market-ready Aboriginal tourism businesses and will establish stable and predictable financial support for AtBC through a multi-year contract.

Goal 4: Business Efficiency: conduct our business efficiently in a changing environment.

STRATEGIES	PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 FORECAST	2016/17 TARGET	2017/18 TARGET	2018/19 TARGET
Ensure cost effective provision of support services that meet business requirements.	Percentage of Destination British Columbia funds allocated to support services.	8.5%[1]	<10%	<10%	<10%	<10%

1. This % includes an allocation for the costs of staff performing corporate human resource functions. These costs were budgeted and charged to Research, Strategy and Communications.

Data Source: Destination BC Annual Financial Statements (Corporate Services).

Discussion

Destination BC is committed to maximizing the funds available for tourism marketing through

innovation and the careful management of human and financial resources. Monitoring corporate support costs provides an important indicator of cost containment, conformity to the Taxpayer Accountability Principles, and informs the business operation decisions of senior management and the Board of Directors. Support services costs include accounting operations, facilities, administration, human resources, the CEO's office and Board expenses, and are measured as a percentage of total annual expenditures. Lowering support services costs increases the funds available for tourism marketing.

Goal 5: Our People: Build a Collaborative, Insight-Driven, Results-Focused Team

STRATEGIES	PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 FORECAST	2016/17 TARGET	2017/18 TARGET	2018/19 TARGET
Attract, retain and develop highly skilled and engaged people.	Employee engagement	3.91 (out of 5)	4.00	4.10	4.20	4.25

Data Source: An average of eight questions on Destination BC's annual Employee Engagement Survey executed by a 3rd party independent research firm.

Discussion

The long-term success of Destination BC depends on talented and engaged employees dedicated to the success of the organization and its goals. The annual evaluation of employee satisfaction and engagement assists the Board of Directors and senior management in identifying opportunities to build employee engagement, improve accessibility, and ensure the creation and maintenance of a stable and thriving workplace.

Financial Plan

Summary Financial Outlook

($m)	2014/15 Actual	2015/16 Forecast	2016/17 Budget	2017/18 Budget	2018/19 Budget
Total Revenue ($000)					
Government Transfers [1]	50,574	51,024	50,323	50,393	50,499
Deferred Government Contributions	642	667	751	793	793
Other Revenue [2]	3,256	1,081	616	616	616
Total	**54,472**	**52,772**	**51,690**	**51,799**	**51,942**
Total Expenses ($000)					
Marketing [3]	28,659	33,171	32,410	32,490	32,553
Destination & Industry Development	19,366	12,409	12,030	12,030	12,030
Strategy, Research & Communications	2,344	1,936	1,540	1,540	1,540
Corporate Services [1]	4,427	4,619	3,651	3,651	3,651
Amortization	642	667	751	793	793
Total	**54,571**	**52,772**	**51,690**	**51,799**	**51,942**
Net Income	**101**	**0**	**0**	**0**	**0**
Total Liabilities [4]	12,993	6,457	6,331	6,571	6,611
Accumulated Surplus / Retained Earnings	519	519	519	519	519

Notes:

1. Effective 2016/17 corporate support charges and corresponding budget of $750K was transferred back to the Ministry of Jobs, Tourism and Skills Training.
2. 'Other Revenue' drops between forecasted 2015/16 and budgeted 2016/17 due to continued divesture from "non-core" lines of business such as merchandising, listings and reservations.
3. From 2014/15 to 2015/16, $3.7M in program funding moved from 'Destination & Industry Development' to 'Marketing' to better align operations.
4. 'Total Liabilities' from 2014/15 are from the audited financial statements. Total liabilities for 15/16 are from the 2nd quarter interim financial statements. 2016/17 to 2018/19 that includes a drawdown on deferred contributions.

Key Forecast Assumptions

Revenue and Expense forecasts budgets for 2016/17 – 2017/18 are based on conservative estimates of Other Revenue. In addition, revenue and expenditure forecasts may need to be adjusted for future years when the provincial sales tax (PST) based funding model is introduced and it is known how Destination BC taxpayer funding will be linked to industry performance.

Sensitivity Analysis

There have been no changes in assumptions from the 2016/17 – 2018/19 Service Plan. The sale of BC Magazine led to decreases in associated revenues and costs for the planning years relative to the 2016/17 – 2018/19 Service Plan. There are no substantive forecast risks to Destination BC's financial plan.

Management Perspective on Future Financial Outlook

A new funding model for Destination BC is currently being developed by the provincial government, in consultation with Destination BC. The intent of the model is to provide Destination BC with government transfers that are linked to a proportion of the provincial sales tax (PST) revenues collected from tourism activities. The model will also link Destination BC's funding with its own performance and the growth of BC's tourism industry. This means that Destination BC's taxpayer-funded revenues could increase or decrease as PST revenue generated by the tourism industry increases or decreases. Destination BC will manage this uncertainty by implementing sound financial management practices that help ensure government-funded program spending remains affordable and flexible within Destination BC's business planning.

Appendix A:

Hyperlinks to Additional Information

Destination BC's Corporate Strategy

Information on Destination BC's Corporate governance and organizational structure and sources and explanations of performance measures can be found here

Appendix B:

Subsidiaries and Operating Segments

Destination BC does not have any active or inactive subsidiaries or operating segments.